

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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June 3, 2003

FROM: **DAVID H. SLAUGHTER**, Director
Real Estate Services Department

RUDY LOPEZ, Director
Department of Behavioral Health

SUBJECT: LEASE AMENDMENT WITH HOLLIS BENNETT

RECOMMENDATION: Approve Amendment No. 4 to Lease Agreement No. 93-204 with Hollis Bennett to extend the term through April 30, 2005 for 5,020 square feet of clinical space for the Department of Behavioral Health (DBH) in Fontana in the amount of \$108,432.

BACKGROUND INFORMATION: On March 29, 1993, the Board approved a six-year lease agreement (No. 93-204) with three two-year options with Hollis Bennett for 5,020 square feet of space for DBH's Ujima Clinic located at 7084 Sierra Avenue in Fontana. In the 10 years since the lease was originally approved, the Board has approved three amendments, which are summarized below.

<u>Amend. No.</u>	<u>Approval date</u>	<u>Action</u>
1	Oct. 26, 1993	• Extended the term to April 30, 1999 and revised the commencement date
2	May 4, 1999	• Exercised the first two-year option to extend the term to April 30, 2001
3	Nov. 28, 2000	• Exercised the second two-year option to extend the term to April 30, 2003

DBH requested Real Estate Services Department (RES D) exercise the final two-year option to extend the term because a project to build a new clinic has not been completed by the developer selected through a competitive process. On March 13, 2001, the Board approved Lease Agreement No. 01-194 for construction of a new DBH clinic in Fontana with a completion date of July 1, 2002. On June 4, 2002, the Board approved Amendment No. 1 extending the completion to March 1, 2003. On March 11, 2003, the Board approved Amendment No. 2 extending the completion date to October 1, 2003. There have been significant cost savings to the County during these delays because the current rate of \$0.84/sq.ft. is substantially less than the rate of the new building, which was negotiated at \$1.44/sq.ft. RES D and DBH will continue to closely monitor the status of the new facility, and will evaluate options should it not be completed as currently scheduled.

The terms of the lease amendment for the existing clinic are summarized as follows:

Lessor: Hollis Bennett

Location: 7084 Sierra Avenue, Fontana

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Size:	5,020 sq. ft.			
Term:	Two years commencing May 1, 2003			
		<u>Cost per sq. ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
Rent:	(old)	\$0.84	\$4,216.80	\$50,601.60
	(new)	\$0.90*	\$4,518.00	\$54,216.00
	*Mid range for the Fontana area			
Annual increases:	None			
Options:	None			
Improvement Costs:	None			
Custodial:	To be provided by County			
Maintenance:	To be provided by Lessor			
Utilities:	To be provided by County			
Right to Terminate:	County has the right to terminate with 60-days notice			
Parking:	Sufficient for County needs			

REVIEW BY OTHERS: This item has been reviewed by County Counsel (Rex Hinesley, Chief Deputy County Counsel) on March 12, 2003; DBH, (Claudia Rozzi, Deputy Director of Administrative Services) on April 18, 2003; and by the County Administrative Office (Daniel R. Kopp and Carol Hughes, Administrative Analysts) on May 27, 2003.

FINANCIAL IMPACT: The total cost of this two-year amendment is \$108,432. The cost for fiscal year 2002-03 is \$51,204 (\$4,216.80 x 10 months and \$4,518 x 2 months). Program expenditures are funded 100% by State Realignment funds.

Payments will be made from the Rents budget (AAA RNT) and reimbursed from the DBH budget (AAA MLH). Sufficient appropriation is available in both budgets. Approval of this item will not result in local cost. Annual lease costs are as follows:

<u>Year</u>	<u>Annual lease cost</u>
May 1, 2003 – April 30, 2004	\$54,216
May 1, 2004 – April 30, 2005	\$54,216

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with the department's and RESD's proposal, and recommends this action because of the need to provide a DBH clinic in the Fontana area and the need to accommodate additional staff reassigned from Alcohol and Drug Programs and the Jobs and Employment Services Department. Lease payments are made from non-general fund sources. If funding is reduced or eliminated, the lease can be terminated with 60-days notice. Consolidation of this space with other existing space has been explored and no feasible opportunity exists at this time.

SUPERVISORIAL DISTRICTS: Second

PRESENTER: David H. Slaughter, Director, 7-7813

BC 7-7815 mf 7-7825

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